Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: SB1097 **Patron:** Rouse

Bill Title: Commonwealth Mass Transit Fund; Hampton Roads Transportation Accountability

Commission.

Bill Summary: Creates a new allocation from the Commonwealth Mass Transit Fund for the Hampton Roads Transportation Accountability Commission, adjusts the amounts of certain other allocations from such Fund, and removes the light rail system operated by the Transportation District Commission of Hampton Roads from eligibility for funds from such other allocations from such Fund. The bill requires the Commonwealth Transportation Board to withhold 20 percent of the funds from such new allocation unless the Transportation District Commission of Hampton Roads submits to it certain information annually. The bill directs the Department of Rail and Public Transportation, for fiscal year 2027, to reserve and utilize certain funds in amounts necessary to provide certain supplemental operating assistance to certain transit providers that would experience a reduction in allocable funds due to the reallocations in this bill. The bill has a delayed effective date of July 1, 2026.

Budget Amendment Necessary: No. **Items Impacted:** None

Fiscal Summary: This bill proposes changes to the formula allocation of the Commonwealth Mass Transit Fund, but it does not change the allocation of funds directed to the Fund. There would not be any direct state fiscal impact, but there would be a funding impact on transit agencies across the state. If the Fund reserve is reduced or exhausted as a result of the third enactment clause, transit agencies may be vulnerable during a future economic downturn.

Fiscal Analysis: The bill proposes changes to the allocation of the Commonwealth Mass Transit Fund as depicted in the table below.

Commonwealth Mass Transit Fund	Current Allocation	Proposed Allocation
Operating costs of transit providers (non-WMATA)	24.5%	23.5%
Capital purposes for transit providers (non-WMATA)	17.0%	15.5%
WMATA for capital purposes and operating assistance (to NVTC)	46.5%	46.5%
Special Programs	2.5%	2.5%
Transit Ridership Incentive Program	6.0%	6.0%
Commuter Rail System	3.5%	3.5%
HRTAC light rail	0.0%	2.5%

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The bill does not propose changing the funding of the Commonwealth Mass Transit Fund, so this bill would not have any direct state fiscal impact; however, the bill would have a funding impact on other transit agencies across the state. Hampton Roads Transit (HRT) via the Hampton Roads Transportation Accountability Commission (HRTAC) would have an allocation carve out of 2.5 percent for their light rail system, so the HRTAC light rail system would no longer be included in the standard distribution formula. However, this percentage is substantially higher than the historical percentage that the light rail system has received via the normal allocation, which is less than 1.0 percent. As a result of the additional carve out for HRTAC light rail, less funding will be available to distribute among all other transit agencies. Since revenue to the Mass Transit Fund is projected to increase each year into the future, the transit agencies would not experience a funding cut but would experience smaller increases in funding in future years because of this legislation.

The proposed legislation would increase administrative responsibilities for the Department of Rail and Public Transportation (DRPT). The HRT operates the light rail system, a bus, and a ferry system. Only the light rail system would be in the 2.5 percent carve out. The bus and ferry system would remain in the standard distribution formula. This would cause DRPT to need to review and audit HRT expenses to determine which funding bucket is appropriate for each expense, including developing a split cost formula for the HRT's CEO and other employee salaries. DRPT believes this can be absorbed using current agency resources at the present time.

The third enactment requires that, for fiscal year 2027, DRPT reserve and utilize certain funds in amounts necessary to provide certain supplemental operating assistance to certain transit providers that would experience a reduction in allocable funds due to the reallocations in this bill. DRPT currently has a reserve balance in the fund of \$10 million to be used in an economic downturn to assist struggling transit agencies. Reducing or exhausting this reserve because of the enactment clause of this bill may leave transit agencies vulnerable in a future economic downturn.

Other: This is a companion bill to HB1982.